

the foregoing amendment and the following remarks.

Claims 1-5 are pending in the subject application. Claims 3 and 5 have been amended by the present amendment. Claims 1-5 were rejected under 35 USC 102(b). These rejections are respectfully traversed.

The Applicant's invention is directed to a lottery ticket cancellation device and method whereby a lottery ticket having a control number and a strip of reactive coating material can be canceled by inserting the lottery ticket in a terminal, activating a cancellation device to apply heat or chemical to the coating material, imaging the ticket to detect the activated coating material and read the control number, and recording the control number. During this process, the cancellation device places a permanent mark or brand on the coating material, which occurs before imaging the lottery ticket.

Branding before imaging is a significant advance over the prior art because it results in shorter transaction processing times. According to prior art cancellation devices, the ticket is first validated before it can be imaged. Therefore, the devices must wait to determine whether the ticket is an "official" lottery ticket before initiating a branding process.

35 USC 102 REJECTIONS

Claims 1-5 were rejected under 35 USC 102(b) as being anticipated by von Ballmoos (U.S. Patent 4,103,150). This rejection is respectfully traversed.

The '150 patent relates to a system for controlling access to an establishment, including an entry card 10 having a first region 16 with coded information for indicating on which days the ticket is valid (see, e.g., column 3, lines 49-54) and a second region 17 having value fields which can be thermally activated. During use, the ticket passes through a "first part" 25 for reading information values on the ticket, and a cancellation

device 64 is activated "in coincidence with the required number of value fields [needed] for admission to an establishment" (column 9, lines 17-19).

Therefore, according to the '150 patent, value fields on a ticket are canceled after the fields are read. There is no teaching or suggestion of marking the ticket prior to imaging the ticket, as required in the Applicant's claimed invention. In the '150 patent, marking occurs only **after** reading the value fields.

Furthermore, the '150 patent does not teach or suggest a system or process for canceling uniquely numbered tickets in conjunction with a lottery terminal. In the lottery environment, it is critical that the control number of a lottery ticket is imaged and correlated with cancellation of the ticket, so that the cancellation information can be properly stored on the system. In contrast, the '150 patent relates to marking specific fields on a ticket as related to admission to an establishment, etc., and does not teach or suggest recording a control number. There is no teaching or suggestion of imaging the ticket for the purpose of detecting a control number and/or activated coating material on the ticket.

As specified in the present application, there are significant benefits to marking a lottery ticket prior to imaging the ticket. By having the imaging step occur after marking, transaction processing times are reduced because the ticket does not have to be validated before initiating a marking/branding process. According to the Applicant's invention, essentially all lottery tickets are marked/branded and then imaged to record the control number and cancellation information.

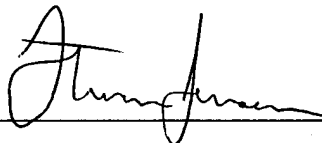
It is believed that all of the claims are now in condition for allowance. However, if any outstanding issues remain, the Examiner is urged to call the undersigned attorney at the phone number listed below.

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The Applicant believes that the appropriate fees have been included with this response. However, if for any reason an additional fee is required, a fee paid is inadequate or credit is owed for any excess fee paid, you are hereby authorized and requested to charge Deposit Account No. **04-1105**.

Respectfully submitted,

Date: November 20, 2001

By: _____

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APPENDIX A:
VERSION WITH MARKINGS TO SHOW CHANGES MADE

IN THE CLAIMS

Claims 3 and 5 has been amended as follows:

3. (Amended) A process for canceling a uniquely numbered ticket having a control number and an area with thermally reactive coating material disposed thereon, the process comprising the steps of:

inserting the lottery ticket into a lottery terminal having means for receiving the lottery ticket therein;

activating the thermally reactive coating material of the lottery ticket for permanently marking the lottery ticket;

following the activating step, imaging the lottery ticket for detecting the activated thermally reactive coating material and for reading the control number of the lottery ticket; and

recording the control number.

5. (Amended) A process for canceling a uniquely numbered ticket having a control number and an area with chemically reactive coating material disposed thereon, the process comprising the steps of:

inserting the lottery ticket into a lottery terminal having means for receiving the lottery ticket therein;

activating the chemically reactive coating material of the lottery ticket for permanently marking the lottery ticket;

following the activating step, imaging the lottery ticket for detecting the activated chemically reactive coating material and for reading the control number of the lottery ticket; and

recording the control number.